



Nquthu Local Municipality
Annual Financial Statements
for the year ended
30 June 2006



NQUTHU LOCAL MUNICIPALITY

INDEX

1) GENERAL INFORMATION	1 - 1
2) FOREWORD	2 - 2
3) CHIEF FINANCIAL OFFICER'S REPORT	3 - 5
4) ACCOUNTING POLICIES	6 - 6
5) BALANCE SHEET	7 - 7
6) INCOME STATEMENT	8 - 8
7) CASH FLOW STATEMENT	9 - 9
8) NOTES TO THE FINANCIAL STATEMENTS	10 - 12
9) APPENDICES	
A. Statutory Funds, Reserves and Trust Funds	13 - 13
B. External Loans and Internal Advances	14 - 14
C. Analysis of Fixed Assets	15 - 15
D. Analysis of Operating income and Expenditure	16 - 16
E. Detailed Income Statement	17 - 17
F Statistical information	18 - 18

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

MAYOR : Mazibuko FBH
Deputy Mayor: Mbhele NJ
Speaker: Mtshali AM
Exco Councillor : Molefe EN
Ngobese PM
Mngomezulu TA
Zungu NM
Councillors : Buthelezi ET
Ntombela VB
Khanyile NN
Ndlovu RA
Khumalo FE
Mdlalose FI
Ntshaliinsthali TG
Mkhwanazi EM
Mhlanga CN
Buthelezi SD
Kunene SM
Mncube GJG
Langa RS
Ndlovu S
Makhoba VHN
Ngobese CS
Ndlovu JC
Mdladla SS
Zulu AB
Buthelezi SM
Langa AM
Njoko TC
Vacant ward 7

GRADING OF THE LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor - General: Pietermaritzburg

BANKERS

ABSA Public Sector- Newcastle

REGISTERED OFFICE

83/11 Mdlalose Street
Nquthu
3135

Private Bag X 5521
Nquthu
3135

Telephone: (034) 271 6100
Fax : (034) 271 6111
email: jacob@nquthu.gov.za

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 7 to 12 were approved by the Municipal Manager on the 29th November 2006 and will be presented to the Council for approval on the 8th of December 2006

MUNICIPAL MANAGER

Jacob Luvuno: Sec. Teachers Diploma (Commerce)
ND Business & Financial Administration
Masters Cert. in Tourism & Community Development

CHIEF FINANCIAL OFFICER

Bonga Sithole: B Com

FOREWORD

Having been re-elected into the office, sound finances for Nquthu Municipality is one of my areas of focus and I will be making sure that there is a sound financial administration. 2005/2006 financial year has been filled with more events taking into consideration the March 2006 Local Government Elections.

Nquthu Municipality is faced with different challenges. This Municipality was born in 2000; its financial information was taken care of by the late Umsekeli. We are faced by situation whereby it is difficult to reconcile the information we have with one Umsekeli had. Some of the staff the Municipality had was transferred to the district with all its Assets and Liabilities. The financial information of our municipality is not yet perfect until we get funding to clean it up as from 2002/2003. Besides all these challenges, I pledged full commitment to the provision of effective, efficient and sustainable service delivery to our communities within Nquthu Municipality. At the same time we are working day and night on programmes aimed at alleviation of poverty and fighting HIV/ AIDS. The economy of Nquthu is gradually improving and we are fully utilizing natural resources through implementation of Tourism plan, Growth and development strategies.

During the past and present term of office, I have noticed dedication of officials; I have also witnessed the same with the councillors. I therefore wish that the co-operation that I have received from councillors, officials and community be sustained.

Lastly, I would like to appeal to all role players to join hands with Nquthu Municipality for the betterment of our communities, and South Africa as a whole.

.....
F.B.H Mazibuko
MAYOR

CHIEF FINANCIAL OFFICER'S REPORT

1) THE CHALLENGE OF CHANGE

One of the challenges that the municipality face is related to its financial function. The financial department experienced a major exodus of senior staff members during the year resulting in a breakdown of the financial function.

The municipality also uses the Endumeni Municipality's system as the host for the financial information. Although the willingness and assistance of the Endumeni Municipality in this regard is highly appreciated, the arrangement places additional strain on the municipality's financial function to implement proper controls.

When I took over on 1 July 2006, the recording of the financial information on the system was last updated for January 2006. The function was also only staffed with debtor personnel and interns.

The current financial statements has been compiled as best as we can, based on the available information. It is acknowledged that a comprehensive revamping of the financial section and a cleanup of the financial information is needed. The planning for this is already in progress and should be finalised soon.

2) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2006 are as follows :

INCOME	Actual 2004/05 R	Actual 2005/06 R	Variance Actual/ Budget %	Budget 2005/06 R
Opening Surplus	4,679,915	259,264		-
Operating Income for the Year	19,730,710	22,589,863	86%	26,411,928
Closing deficit	-	-		
	24,410,625	22,849,127		26,411,928
EXPENDITURE				
Opening Deficit	-	-		
Operating Expenditure	19,522,232	19,380,527	76%	25,370,698
Closing Surplus	259,264	3,409,056	311%	1,095,698
	19,781,496	22,789,583	4	26,466,396

2.1) RATES AND GENERAL SERVICES

	Actual 2004/05 R	Actual 2005/06 R	Variance Actual/ Budget %	Budget 2005/06 R
Income	17,496,472	20,009,223		
Expenditure	16,392,151	14,317,089		
(Deficit)/Surplus	2,000,162	5,692,134	223%	2,548,907
Surplus (Deficit) as % of Total Income	11.43%	28.45%		

2.4) TRADING SERVICES : ELECTRICITY

	Actual 2004/05 R	Actual 2005/06 R	Variance Actual/ Budget %	Budget 2005/06 R
Income	2,234,239	2,580,640	67.84%	3,804,049
Expenditure	3,130,080	5,063,438	110.79%	4,570,147
Deficit	(895,841)	(2,482,798)	332.77%	(746,098)
Surplus (Deficit) as % of Total Income	-40.10%	-96.21%	490.53%	-19.61%

3) CAPITAL EXPENDITURE AND FINANCING

	Actual 2005/06	Budget 2005/06
CAPITAL EXPENDITURE		
Rates and general services	44,513	140,688,200
Trading services	-	300,000
	44,513	140,988,200
FINANCING OF THE FIXED ASSETS		
Internal loan Capital Development Fund	44,513	
Contributions from Current Income		
Grants and Subsidies		
External Loans		
DBSA Creditor		
	44,513	140,988,200

A complete analysis of capital expenditure (budgeted and actual) per service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

4) EXTERNAL LOANS, INVESTMENTS AND CASH

More information regarding funds and reserves are disclosed in notes (4 and 7) and appendix B to the financial statements

5) FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in notes (1 to 2) and appendix A to the financial statements

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors, Municipal Manager, Heads of Departments for their support on all strategies we will be applying. Over and above, I would like to give special thanks to the staff in Finance Department and Endumeni Municipality for their support.

B. Sithole(B.Com)
Chief Financial Officer

DATE :

ACCOUNTING POLICIES

1. Basis of Presentation

1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Officers in its Code of Accounting Practice (1997) and the Report on the Published Annual Financial Statements of Local Authorities (2nd Edition January 1996)

1.2 The financial statements have been prepared on the historical cost basis, adjusted for capital expenditure as detailed in paragraph 3 below. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

1.3 The financial statements are prepared on the accrual basis:

- Income is accrued when collectable and measurable. Certain direct Income is accrued when received, such as traffic fines and Certain licenses.
- Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes the Rate and General Services, the different funds, reserves and provisions

3. Fixed Assets

3.1 Fixed assets are stated:

- at historical cost, or
- at valuation, (based on the market price at acquisition), where assets have been acquired by grant or donation while in existence or fit for use.
- Grant or donation where the amount representing the value of such grant or donation is immediately credited to the "Loans redeemed & other Capital Receipts" account.

3.2 Capital assets are financed from different sources, including external loans, operating income and external advances. These loans are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate at the time the advance is made.

4. Inventory

Stock is valued at the lower of cost, determined on the weighted average basis and the net realizable value less provision to cover obsolete stock.

5. Funds and Reserves

5.1 Capital Development Fund

The Local Authorities Ordinance No. 25 of 1974 requires a minimum contribution of 3% of Revenue income of a local authority for the financial year. The application for exemption on a minimum 3% contribution to the Capital Development Fund has been made to the Department of Traditional and Local Government Affairs.

5.2 Public Improvement Fund

The Local Authorities Ordinance No. 25 of 1974 stipulates that this fund be maintained in respect of all property belonging to the municipality that is not used for a specific purpose relating to the provision of services. Any surplus funds available are either advanced internally or invested externally.

6. Income Recognition

Electricity Billing

Meters on properties are read on a monthly basis. When meters cannot be read (faulty meters) in a certain month, they are billed on average usage basis.

Assessment Rates

The council currently applies a rating system based on the area of a property as well as a fixed cost per building unit thereon as carried over from uMsekeli.

7. Provisions

The provision for doubtful debts is calculated at 10% of debtors outstanding at year end. Leave provision is based on the maximum of 20 leave days accrued per employee.

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2005/2006 R	2004/2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		2,106,111	6,331,376
Statutory Funds	1	1,895,140	1,796,609
Reserves	2	210,970	4,534,767
Non-distributable Reserve		-	-
ACCUMULATED (DEFICIT)/ SURPLUS	16	3,409,056	259,264
		5,515,167	6,590,640
TRUST FUNDS			
LONG-TERM LIABILITIES	4	340,836	329,617
CONSUMER DEPOSIT	5	492,122	491,886
		6,348,126	7,412,143
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	581,660	819,734
LONG-TERM DEBTORS		581,660	819,734
NET CURRENT ASSETS/ (LIABILITIES)		5,766,466	6,592,409
CURRENT ASSETS		15,861,855	9,922,810
Inventory	3	147,800	147,800
Debtors	8	6,804,597	4,659,781
Cash and cash equivalents	9	7,014,317	3,318,620
Investments	7	1,895,140	1,796,609
Short term portion of long-term debtors	8		
CURRENT LIABILITIES		10,095,389	3,330,401
Provisions	11	478,278	854,593
Creditors	10	9,617,111	2,226,515
Short-term portion of Long-term Liabilities	10	-	249,293
Bank Overdraft	9	-	
		6,348,126	7,412,143

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

2004/2005 Actual Income <i>R</i>	2004/2005 Actual Expenditure <i>R</i>	2004/2005 Actual Surplus/ (Deficit) <i>R</i>		2005/2006 Actual Income <i>R</i>	2005/2006 Actual Expenditure <i>R</i>	2005/2006 Actual Surplus/ (Deficit) <i>R</i>	2005/2006 Budgeted Surplus/ (Deficit) <i>R</i>
15,262,233	13,262,071	2,000,162	Resources Support Services			5,692,134	2,548,907
13,268,392	12,151,504	1,116,888	Community Services	19,687,671	12,304,290	7,383,381	3,990,131
124,547	734,386	(609,839)	Subsidised Services	65,981	1,423,190	(1,357,210)	(1,049,147)
1,869,294	376,181	1,493,113	Economic Services	255,571	589,609	(334,038)	(392,077)
2,234,239	3,130,080	(895,841)	Trading Services	2,580,640	5,063,438	(2,482,798)	(746,098)
		<u>1,104,320</u>	TOTAL			3,209,336	1,802,809
		(5,524,971)	Appropriation for this Year			(59,544)	
		(4,420,651)	Net surplus/ (deficit) for the Year			3,149,792	
		4,679,915	Accumulated (Deficit)/Surplus beginning of the year			259,264	
		<u>259,264</u>	ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR			<u>3,409,056</u>	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

CASH RETAINED/ (UTILISED) FROM OPERATING ACTIVITIES

Cash generated by operations
Investment income
(Increase)/ Decrease in working capital
Cash (utilised in)/ available from operations
Less : External Interest Paid
Cash available from operations
Cash contributions from the public and the state
Net proceeds on disposal of fixed assets

CASH UTILISED IN INVESTING ACTIVITIES

Investments in Fixed assets

NET CASH INFLOW/ (OUTFLOW)

CASH EFFECTS OF FINANCING ACTIVITIES

(decrease) / Increase in long-term borrowings
(Increase)/ decrease in cash investments
(Increase)/ decrease in cash

Net Cash (utilised) / generated utilised

Note	2006 R	2005 R
	4,076,814	(3,096,426)
18	(26,987,460)	(4,739,304)
15	98,531	115,084
17	5,086,144	4,672,152
	(21,802,785)	47,932
15	(16,399)	(81,873)
	(21,819,184)	(33,941)
	25,895,998	(3,062,485)
	-	-
	(44,513)	1,129,574
	(44,513)	1,129,574
	4,032,301	(1,966,852)
19	(238,074)	390,118
20	(98,531)	-
21	(3,695,696)	(23,700)
		1,600,434
	(4,032,301)	1,966,852

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

1 Statutory Funds

Capital Development Fund
Public Improvement Fund

(Refer to appendix A for more details)

2 Reserves

Grant Funds

Development & Planning Capacity Building
Infrastructure Grant
Taxi Project
LED Grant
IDP Grant
Municipal Support Grant
Management Assistance Programme
Financial Management Grant
GIS Grant
Municipal Finance Mangnt Act Implementation
Property Rates Act Implementation
Interdepartmental Monitoring
Anti-Corruption Grant
Establishment Grant
LUMS Grant
DBSA Grant
MIG Capital Grant
Housing Grant
MSIG Grant
Asset register
Umsobomvu grant
PMS Grant
CDW Grant
Project consolidate

(Refer to appendix A for more details)

3 Inventory

Stock on hand

4 Long-term Liabilities

ABSA Bank
Less : Current portion transferred to Current Liabilities

(Refer to appendix B for more details)

5 Consumer Deposits

Electricity Services

6 Fixed Assets

Fixed assets at the beginning of the year
Capital Expenditure during the year
Less : Assets written off, transferred or disposed of during the year

Total Fixed Assets

Less : Loans Redeemed and Other Capital Receipts
Prior year
Current year

Net Fixed Assets

(Refer to Appendix C and Section 3 of the Executive Director Finance's Report for more details on fixed assets)

7 Investments

Unlisted

Short-term Deposits

8 Debtors

Current debtors- Rates and Services
Less: Provision for doubtful debts

Sundry debtors
SARS-VAT

6,110,817
6,788,442

9 Cash on Hand and at Bank

Current Account
Suspense

2005/2006 R	2004/2005 R
1,895,140	1,796,609
1,168,740 726,400	1,107,989 688,620
210,970	4,534,767
24,793.00 312,000.00 1,094,206.00 215,364.00 45,826.25 15,717.00 893,684.88 354,355.00 158,854.72 145,000.00 233,125.00 100,000.00 134,500.00 738,214.00 130,871.38 (1,383,889.55) (3,632,574.82) (415,048.31) 348,452.00 (5,706.73) (28,333.32) 4,400.00 67,111.74 660,048.00	24,793.00 - 1,094,206.00 215,364.00 - 15,717.00 544,600.00 159,180.00 84,950.00 45,000.00 63,125.00 60,000.00 134,500.00 738,214.00 97,084.00 292,076.00 965,958.00 - - - - - -
147,800 147,800	147,800 147,800
340,836 340,836	329,617 578,910 (249,293)
492,122 492,122	491,886 491,886
819,734 44,513 - 864,247 282,587 282,587 581,660	39,598,978 1,129,574 (13,826,721) 26,901,831 26,082,097 38,560,874 (12,478,777) 819,734
1,895,140 1,895,140	1,794,317 1,794,317
6,776,250 (677,625) 6,098,625 12,192 693,780 6,804,597	5,177,534 (517,753) 4,659,781 - 4,659,781
7,014,317 - 7,014,317	3,318,620 - 3,318,620

406

405

406

	2005/2006 R	2004/2005 R
10 Creditors		
Accruals	-	959,872
Umzinyathi		1,266,643
	9,617,111	2,226,515
Short-term portion of Long-term Liabilities	-	249,293
	9,617,111	2,475,808
11 Provisions		
Leave Pay	478,278	854,593
	478,278	854,593
12 Assessment Rates		
Assessment Rates are based on the differential rating system and are based on a property m2 and unit building rate.	402,573	68,199
	402,573	68,199
13 Committee Members Remuneration	2005/2006 R	2004/2005 R
Mayoral Allowances	70,915	93,579
Deputy mayor's allowance	29,284	
Councillors Allowances	804,700	1,727,943
Pension fund contributions for councillors	101,593	
	1,006,492	1,821,522
14 Remuneration Section 57 Employees		
Annual Package:		
Municipal Manager	442,212	
Director Corporate Services	331,884	
Director Technical services	277,368	
Director Finance	352,764	
	1,404,228	
15 Finance Transactions		
Total interest earned	98,531	115,084
Total external interest paid	16,399	81,873
Capital charges debited to Income statement	254,463	316,385
Interest paid	16,389	81,873
Loans redeemed	238,074	234,512
16 AppropriationAccount		
AppropriationAccount		
Accumulated Surplus at the beginning of the year	259,264	4,679,915
Operating surplus/ (deficit) for the year	3,209,336	1,104,320
Contributions to capital		(30,983)
Appropriations for the year	(59,544)	(4,713,922)
Prior year adjustments		(698,193)
Contributions to funds and provisions		(81,873)
Interest on loans redeemed		259,264
Accumulated Surplus at end of year	3,409,056	
Operating account		
17 Decrease/ (Increase) in Working Capital		
(Increase)/ Decrease in stock	-	604,777
(Increase)/ Decrease in debtors	(2,304,688)	3,652,750
Increase/ (Decrease) in creditors	7,390,596	414,625
Increase in consumer deposits	236	
Amount To Cashflow Statement	5,086,144	4,672,152
18 Cash utilised by operations		
Surplus /(Deficit) for the year	3,209,336	1,104,320
Adjustments in respect of previous year	(59,544)	(4,713,922)
Appropriations charged against income	204,385	(698,233)
Leave Pay	-	(180,480)
Doubtful Debts	159,872	(517,753)
Fixed Assets	44,513	
Investment Income Received (operating account)	-	(115,084)
Government and Provincial Grants and Subsidies	(19,253,454)	(316,385)
Capital Charges	254,473	
Interest paid on external loans	16,399	(81,873)
Expenditure charged against funds		(234,512)
Redemption of external loans	238,074	
Non-operating expenditure	(11,342,656)	
Expenditure charged against reserves	(10,966,342)	
Expenditure charged against provisions	(376,314)	
Amount To Cashflow Statement	(26,987,460)	(4,739,304)

	2005/2006 R	2004/2005 R
19 (Decrease)/ Increase in Long-term Loan(Ext.)		
Loans raised	-	421,102
Loans repaid	(238,074)	(30,983)
<i>Amount To Cashflow Statement</i>	(238,074)	390,119
20 (Increase)/ Decrease in External Cash Investments		
Investments realised	(98,531)	(23,700)
<i>Amount To Cashflow Statement</i>	(98,531)	(23,700)
21 (Increase)/ Decrease in Cash		
Balance at beginning of year	(3,318,621)	4,919,055
Less balance at end of the year	7,014,317	(3,318,621)
<i>Amount To Cashflow Statement</i>	3,695,696	1,600,434
22 Retirement Benefits		
Employees belong to the following funds within the Natal Joint Municipal Pension Funds which provide retirement benefits to such employees.		
-Superannuation Fund		
-Retirement Fund		
23 Capital Commitments		
Commitments in respect of capital expenditure	-	-
- Approved and contracted for	-	-
- Approved and not contracted for	-	-
24 Capital Development Fund		
Accumulated Fund	1,168,740	1,107,989
Less: Interest Investments in CCDF	-	-
	1,168,740	1,107,989
<i>(refer to appendix A & B for more detail)</i>		
25 Public Improvement Fund		
Accumulated Fund	726,400	688,620
Less: Interest Investments in CPIP	-	-
	726,400	688,620

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 2005/06/30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2006/06/30
	R	R	R	R	R	R
STATUTORY FUNDS						
Public Improvement Fund	688,620		37,780			726,400
Capital Development Fund	1,107,989		60,751			1,168,740
Total	1,796,609	-	98,531	-	-	1,895,140
GRANT FUNDS						
Development & Planning Capacity Building	24,793		-	-		24,793
Library Grants	-		-	-	-	-
Sundry Grants	-		-	-	-	-
Infrastructure Grant	-	312,000	-	-	-	312,000
Taxi Project	1,094,206		-	-	-	1,094,206
Transitional Grant	-		-	-	-	-
LED Grant	215,364		-	-		215,364
IDP Grant	-	50,000	-	-	4,174	45,826
Municipal Support Grant	15,717		-	-	-	15,717
Management Assistance Programme	544,600	800,585	-	-	451,500	893,685
Financial Management Grant	159,180	250,000	-	-	54,825	354,355
GIS Grant	84,950	100,000	-	-	26,095	158,855
Municipal Finance Mangnt Act Implementation	45,000	100,000	-	-	-	145,000
Property Rates Act Implementation	63,125	170,000	-	-	-	233,125
Interdepartmental Monitoring	60,000	40,000	-	-	-	100,000
Anti-Corruption Grant	134,500		-	-	-	134,500
Establishment Grant	738,214		-	-	-	738,214
LUMS Grant	97,084	100,000	-	-	66,213	130,871
DBSA Grant	292,076	870,208	-	-	2,546,173	(1,383,890)
MIG Capital Grant	965,958	36,808	-	-	4,635,341	(3,632,575)
Housing Grant	-	1,324,543	-	-	1,739,592	(415,048)
MSIG Grant	-	734,000	-	-	385,548	348,452
Asset register	-	36,400	-	-	42,107	(5,707)
Umsobomvu grant	-	-	-	-	28,333	(28,333)
PMS Grant	-	50,000	-	-	45,600	4,400
CDW Grant	-	168,000	-	-	100,888	67,112
Project consolidate	-	1,500,000	-	-	839,952	660,048
	4,534,767	6,642,544	-	-	10,966,341	210,970
TOTAL	6,331,376	6,642,544	98,531	-	10,966,341	2,106,111

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance 2005/06/30	Received during the Year	Redeemed, written off during the Year	Balance 2006/06/30
EXTERNAL LOANS				
	R	R	R	R
Lease No. 59187321	189,536		81,503	108,034
Lease No. 58731388	33,756		20,622	13,134
Lease No. 59751366	188499.02		76,984	111,515
Lease No. 60152344	63,088		24,966	38,123
Lease No. 60983220	104,030		34,000	70,030
	578,910	-	238,074	340,836

INTERNAL ADVANCES TO BORROWING SERV.				
Capital Development Fund	-	-	-	-
	-	-	-	-

ANALYSIS OF FIXED ASSETS

Expenditure 2005		Budget 2006	Balance at 30 June 2005	Expenditure 2005/2006	Written off, transferred, redeemed or disposed off during the Year	Balance at 30 June 2006
R		R	R	R	R	R
950,277	RATES AND GENERAL SERVICES	140,688,200	16,163,499	44,513	-	16,208,012
950,277	Land & Buildings	34,929,000	R 3,435,918			3,435,918
	Roads & Streets		R 8,105,824			8,105,824
	Parks & Recreation		R 494,571			494,571
	Fire Service		R 15,150			15,150
	Motor Vehicles		R 2,617,558			2,617,558
	Major Plant		R 263,168			263,168
	Plant & Equipment	2,000,000	R 256,319			256,319
	Small Tools		R 4,747			4,747
	Housing	103,025,200	R -			-
	Furniture & Fittings		R 735,104	19,722		754,826
	Computers	734,000	R 235,140	24,791		259,931
-	SUBSIDISED SERVICES	-	1,287,424	-	-	1,287,424
	Market Stalls		1,287,424			1,287,424
	Community Hall		-			-
-	ECONOMIC SERVICES	-	1,800,466	-	-	1,800,466
	Refuse Site		1,800,466			1,800,466
	Sewerage Works					-
179,297	TRADING SERVICES	300,000	7,650,441	-	-	7,650,441
179,297	Electricity Service	300,000	7,650,441			7,650,441
	Water Service					-
1,129,574	TOTAL FIXED ASSETS	140,988,200	26,901,830	44,513	-	26,946,343
1,330,270	LESS : LOANS REDEEMED AND OTHER	-	26,082,097	282,587	-	26,364,684
200,696	CAPITAL RECEIPTS		886,932	238,074		1,125,006
30,983	Loans redeemed & advances repaid		267,467	44,513		311,980
1,098,591	Contributions ex Operating Income		24,927,698			24,927,698
	Contributions ex Grants & Subsidies					-
(200,696)	NET FIXED ASSETS	140,988,200	819,733	(238,074)	-	581,659

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2006**

<i>Actual 2005</i> R		<i>Actual 2006</i> R	<i>Budget 2006</i> R
	<u>INCOME</u>		
14,919,000	Grants and Subsidies	19,253,454	20,153,000
14,919,000	Grant income	19,253,454	20,153,000
2,577,472	Operating Income	3,336,409	5,318,928
68,199	Assessment Rates	402,573	1,831,903
1,161,901	Sales of Electricity	2,580,640	2,190,356
1,347,372	Other Service Charges	353,196	1,296,669
	Interest earned	-	-
<u>17,496,472</u>	TOTAL INCOME	<u>22,589,863</u>	<u>25,471,928</u>
	<u>EXPENDITURE</u>		
9,750,092	Salaries, Wages and Allowance	11,214,083	11,625,966
5,495,451	General Expenses	6,303,368	9,067,670
209,989	- Purchase of Electricity	2,730,382	-
5,285,462	- Other General Expenses	3,572,986	9,067,670
101,047	Repairs & Maintenance	1,404,229	1,747,500
316,385	Capital charges	254,463	285,000
30,983	Contribution to Capital Outlay	44,513	580,000
698,193	Contributions - Special	159,872	362,983
<u>16,392,151</u>	Nett Expenditure	<u>19,380,527</u>	<u>23,669,119</u>
	Net deficit	3,209,336	

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Actual Surplus/ (Deficit)		2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 Actual Surplus/ (Deficit)	2005/2006 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
17,496,472	16,392,151	2,000,162	RATE AND GENERAL SERVICES	20,009,223	14,317,089	5,692,134	2,548,907
13,268,392	12,151,504	1,116,888	Community Services	19,687,671	12,304,290	7,383,381	3,990,131
3,010,892	1,545,392	1,465,499	Council	19,253,454	2,584,822	16,668,632	(1,210,685)
4,433,227	2,024,740	2,408,487	Finance	231,252	2,167,223	(1,935,971)	3,715,817
1,202,673	644,208	558,465	Management	-	928,546	(928,546)	485,473
2,245,600	3,297,941	(1,052,341)	Technical	187,533	2,693,470	(2,505,937)	152,327
2,376,000	4,639,222	(2,263,222)	Corporate Services	15,431	3,930,228	(3,914,797)	847,199
124,547	734,386	(609,839)	Subsidised Services	65,981	1,423,190	(1,357,210)	(1,049,147)
37,483	344,100	(306,616)	Facilities/Library	8,841	453,581	(444,740)	(494,768)
13,560	192,326	(178,766)	Cemetery	16,446	546,615	(530,169)	(520,608)
73,504	197,960	(124,456)	Community Hall	40,694	422,994	(382,300)	(33,771)
1,869,294	376,181	1,493,113	Economic Services	255,571	589,609	(334,038)	(392,077)
1,869,294	215,192	1,654,102	Refuse Removal	255,571	589,609	(334,038)	(392,077)
-	-	-	Sewerage	-	-	-	-
-	160,988	(160,988)	Market Stalls	-	-	-	-
2,234,239	3,130,080	(895,841)	TRADING SERVICES	2,580,640	5,063,438	(2,482,798)	(746,098)
2,234,239	3,130,080	(895,841)	Electricity	2,580,640	5,063,438	(2,482,798)	(746,098)
19,730,710	19,522,232	1,104,320	TOTAL	22,589,863	19,380,527	3,209,336	1,802,809
		(5,524,971)	Appropriation for this Year (Refer Note 16)			(59,544)	
		(4,420,651)	Net Surplus (Deficit) for the Year			3,149,792	
		4,679,915	Accumulated Surplus (Deficit) beginning of the year			259,264	
		259,264	ACCUMULATED SURPLUS (DEFICIT) END OF YEAR			3,409,056	

STATISTICAL INFORMATION

	2006	2005
a) General Statistics		
i) Population - Approximately	147,954	147,954
b) Electricity Statistics		
i) Number of users Commercial and Residential	1,187	1,187
ii) Units bought	6,086,672	6,086,672
iii) Units sold	2,332,282	2,332,282
iv) Units lost in distribution (ii-iii)	3,754,390	3,754,390
v) Units lost in distribution as a % of (ii)	61.68%	61.68%
vi) Cost per unit bought (R)	0.1299	0.1299
vii) Loss in distribution (iv x vi) (R)	487,695	487,695
viii) Cost per unit sold (operating expenditure/iii)	1.34	1.34
ix) Income per unit sold (operating income/iii)	0.96	0.96
c) Sundry Statistics		
i) Area in km squared	2,036	2,036
ii) Previous election number of registered voters (for entire Nquthu Municipality)	47,193	47,193
iii) Building survey - Total number of building plans passed		
- Value of building plans passed	2,060,422	2,060,422
- Number of inspections performed	15	15
- Plan fees	7,080	7,080
v) Total personnel in the service of the Municipality	153	154
vi) Total number of library books and audio visuals aids issued	47,500	47,500
vii) Cleansing: refuse removed and dumped	1,798	1,798
viii) Roads and works: Km of roads constructed/repaired	8km	8km
ix) Housing - Number of houses	23	23
- Number of people accommodated	138	138